

## In the Claims

Please amend the claims as follows:

1. (Currently amended) An auction system for determining M winning bidder(s) from a plurality of potential bidders for N items(s) of merchandise, comprising:

an account database ~~for maintaining a first account record~~ with account records, a first account record of which being associated with a first bidder and a second account record of which being associated with a second bidder; and

an auction web server for accessing ~~operatively linked to a web server for receiving the account database~~ and processing a second bid from the second bidder where the second bid is associated with a second bid price, wherein the auction server is configured to reserve ~~reserves~~ the second bid price from the second account record if the second bid is a valid bid.

2. (Currently amended) The auction system of claim 1, wherein the auction server is further configured to unreserve ~~unreserves~~ a first bid ~~amount~~ price associated with a first bid from the first bidder ~~in the first account record~~.

3. (Original) The auction system of claim 1, wherein  $M \neq 1$  and  $N=1$ .

4. (Original) The auction system of claim 1, wherein  $M=N$ .

5. (Currently amended) The auction system of claim 1, wherein  ~~$M=1$  and  $N=1$~~  points in the account database are universal such that points earned through one merchant can be redeemed with another merchant.

6. (Currently Amended) The auction system of claim ~~2~~ 1, wherein the first and second bid prices are covered by payment units including incentive points.

7. (Currently Amended) The auction system of claim ~~1~~ 2, wherein the first and second bid prices are payable with money.

8. (Currently amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account file ~~for handling~~containing account records of payment units, where each account record is associated with a bidder ~~for storing payment units~~;

a ~~first logic~~web server linked via the Internet to a plurality of clients associated with the plurality of bidders for receiving bids from the plurality of bidders, where each bid is associated with a bidder-selected number of payments units;

a ~~second logic~~database server operative to reserve ~~for reserving~~ the bidder-selected number of payment units in the bidder's respective account record if the selected number of payment units is available in the account record.

9. (Currently amended) The auction processing server of claim 8, wherein the ~~first logic~~web server is operative to receive ~~receives~~ a second bid of a second number of payment units from a second bidder and ~~had already received~~ a first bid of first number of payment units from a first bidder, and wherein the second logic~~database~~ server is operative to unreserve ~~unreserves~~ the first number of payment units from the account record of the first bidder if the first number of payment units is ~~less~~ lower than the second number of payment units.

10. (Currently amended) The auction processing server of claim 8, wherein the payment units ~~are~~ include incentive points.

11. (Currently amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account database ~~for handling~~with account records that contain points data in encrypted form, where each account record is associated with a bidder for storing payment units;

a first logic operative to receive~~for receiving~~ bids from the plurality of bidders, where each bid is associated with a bidder-selected number of payment units and a second automated bidder maximum number of payment units;

a second logic ~~for reserving~~operative to reserve the bidder-selected maximum number of payment units in the bidder's respective account record if the second automated bidder maximum number of payment units is available in the account record.

12. (Currently amended) The auction processing server of claim 11, wherein the first logic is further operative to receive~~receives~~ a second bid of a second number of payment units from a second bidder and ~~had already received~~ a first bid of first number of payment units from a first bidder, and wherein the second logic is further operative to unreserve~~unreserves~~ the first number of payment units from the account record of the first bidder if the first number of payment units is ~~less~~ lower than the second number of payment units.

13. (Currently amended) The auction processing server of claim 11, wherein the first logic is further operative to receive~~receives~~ a second bid of a second number of payment units from a second bidder and ~~had already received~~ a first bid of first number of payment units from a first bidder and an first automated bidder maximum number of payment units, and wherein the second logic is further operative to unreserve~~unreserves~~ the first automated bidder maximum number of payment units from the account record of the first bidder if the first number of payment units is less than the second number of payment unit.

14. (Currently amended) The auction processing server of claim 13, wherein the second logic is further operative to unreserve~~unreserves~~ the difference between a final winning price and the second automated bidder maximum number of payment units if the second bidder is declared the winner and the final winning price is ~~less~~ lower than the second automated bidder maximum number of payment units.

15. (Currently amended) A point-based auction system comprising:

a database ~~storing with~~ a first account representing a number of points in encrypted form including incentive points awarded to a first user and a second account representing a number of points in encrypted form including incentive points awarded to a second user, ~~and each account also storing information relating to date or time period during which incentive points were earned;~~

a processor;

a communications port operatively connected to clients associated with the first user and the second user, respectively;

1  
a memory embodying a computer program ~~or programs~~ taking as input bids received from the first user and the second user through the communications port, each bid constituting a number of ~~incentive~~ points and relating to an item being auctioned, said program having program instructions for causing the processor to perform the steps of: (a) checking each bid against the database to confirm that the user submitting the bid owns at least the number of points specified in the bid, (b) storing information identifying the current high bid, (c) reserving a number of points equal to the current high bid from the account of the user who submitted that bid such that those points may not be used for any other purpose until unreserved, (d) unreserving reserved points once a higher bid is received and validated, (e) at the end of the auction, awarding the item to the user with the highest bid at that point, ~~and~~ (f) subtracting the number of points representing the winning bid from the account of the user who submitted the winning bid, and (g) discarding from user accounts any unredeemed points whose time has expired.;

~~wherein said computer program or programs use the date or time period information to cause incentive points to be removed from user accounts once a certain period of time has elapsed from awarding of such points.~~

16. (Currently amended) A system as in Claim 15 in which the computer program has further instructions for causing the processor to perform the further step of ~~further including:~~

~~a computer program or programs awarding incentive points to users for actions taken by users.~~

17. (Currently amended) A system as in Claim 16 in which the ~~actions include~~ viewing advertisements ~~points are maintained in encrypted form to prevent unauthorized access.~~

18. (Cancelled)

19. (Currently amended) ~~An~~ In a networked computer system, an auction method, comprising:

(a) providing a ~~computer database accessible through a communication port for storing with~~ a plurality of accounts for holding points in encrypted form;

(b) awarding a quantity of incentive points to a first user, including adding the first

quantity ~~to a first one of the stored account accounts~~ of first user incentive points to a first account from among the plurality of accounts;

(c) awarding a quantity of incentive points to a second user, including adding the quantity ~~to a second one of the stored account accounts~~ of second user incentive points to a second account from among the plurality of accounts;

~~(d) removing incentive points from the first and second stored accounts once a certain period of time has elapsed from the awarding of such points.~~

(ed) initiating an on-line auction for an item, including specifying a minimum number of incentive points required for an opening bid;

(fe) receiving a first bid from the first user ~~through a the communications port~~;

(gf) comparing the first bid against the minimum number and rejecting the first bid if the first bid is ~~less~~ lower than the minimum number;

(hg) comparing the first bid against the number of ~~unreserved~~ incentive points available in the first ~~stored~~ account and rejecting the first bid if the first bid is ~~greater~~ higher than the number of ~~unreserved~~ incentive points available in the first ~~stored~~ account;

(ih) if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving out of the first account a number of incentive points ~~in the first stored account equal to the amount~~ representative of the first bid;

(ji) receiving a second bid from the second user ~~through a communications port~~;

(ki) comparing the second bid against the current high bid and rejecting the first bid if the first bid is ~~less~~ lower than the current high bid;

(lk) comparing the second bid against the number of ~~unreserved~~ incentive points available in the second ~~stored~~ account and rejecting the second bid if the second bid is greater than the number of ~~unreserved~~ incentive points available in the second stored account;

(ml) if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving out of the second account a number of incentive points ~~in the second stored account equal to the amount~~ representative of the second bid, and unreserving the ~~first account~~ incentive points previously reserved in step (i) out of the first account;

(nm) after receipt of n ~~number of~~ additional bids, closing the auction; and

(on) awarding the item to the user who submitted the highest valid bid ~~as of~~ by the close of the auction and ~~deleting removing~~ from that user's account ~~that the~~ number of incentive points

reserved ~~in that account as a result of~~ for that bid; and

(o) removing any unredeemed incentive points from the first and second accounts if their time has expired.

20. (Currently amended) The method of Claim 19, ~~in which:~~

~~the step (a) awarding of wherein incentive points occurs~~ are awarded as a result of the first user viewing an advertisement.

21. (Currently amended) The method of Claim 19, ~~in which:~~

~~the step (a) awarding of wherein incentive points occurs~~ are awarded as a result of the first user signing up for a service.

22. (Currently amended) The method of Claim 19, ~~in which:~~

~~the step (a) awarding of wherein incentive points occurs~~ are awarded as a result of the first user providing identification information.

23. (Currently amended) A system comprising:

a first database ~~or databases~~ including a first entry representing a number of incentive points held by a first user, a second entry representing a number of incentive points held by a second user, a third entry representing a number of incentive points held by the first user which are currently reserved and a fourth entry representing a number of incentive points held by the second user which are currently reserved;

a second database ~~or databases~~ including a first entry representing a first item to be auctioned and a second item to be auctioned;

~~a computer program or programs~~ means for adding incentive points to the first entry when the first user performs actions for which incentive points are awarded and for adding incentive points to the second entry when the second user performs actions for which incentive points are awarded;

~~a computer program or programs~~ means for adding incentive points to the third entry when the first user submits a valid high bid in an auction and for adding incentive points to the fourth entry when the second user submits a valid high bid in an auction; and

~~a computer program or programs~~ means for deleting incentive points from the third entry when a valid bid is received which is higher than the ~~previously-high bid~~ previously submitted by the first user, and deleting incentive points from the fourth entry when a valid bid is received which is higher than the ~~previously-high bid~~ previously submitted by the second user; and

means for removing any unredeemed incentive points from entries in the first database whose time has expired.

24. (Currently amended) A system as in Claim 23, wherein ~~said computer program or programs delete incentive points from the first entry and from the second entry after the passage or a duration of time~~ database maintains the incentive points in encrypted form.

25. (Previously amended) A system as in Claim 24, in which the actions for which incentive points are awarded include viewing advertisements.

26. (Currently amended) A system as in Claim 25, in which the first database ~~or databases~~ further includes a fifth entry representing a number of incentive points not owned by the first user but available as credit to that user.

27. (Currently amended) A point-based auction system comprising:

a database ~~storing with~~ a first account representing a number of incentive points awarded to a first user and a second account representing a number of incentive points awarded to a second user, wherein all the incentive points are maintained in encrypted form;

a communications port operatively connected to clients associated with the first user and the second user, respectively;

a computer program ~~or programs~~ operative for taking as input reserve amounts and bids received from the first user and the second user through the communications port, each reserve amount representing the maximum number of incentive points reserved for an auction, ~~and~~ each bid constituting a number of incentive points and ~~relating being related~~ to an item being auctioned, said program being further operative for (a) checking each reserve amount against the database to confirm that the user submitting the bid owns at least the number of incentive points

specified in the reserve amount, (b) subtracting the reserve amount from each user's respective account, (c) checking each bid against the database to confirm that the amount in the bid is less lower than the amount in the reserve amount, (d) storing information identifying the current high bid, (e) unreserving the points specified in the-reserve amount once a higher bid is received and validated, ~~and~~ (f) at the end of the auction, awarding the item to the user with the highest bid at that point, and (g) removing any unredeemed incentive points whose time has expired.

28. (Currently amended) The system of claim 27, wherein the program ~~or programs are~~ further operative fore~~comprises~~ (gh) subtracting the number of points representing the winning bid from the reserve amount to generate an unreserved amount, and (hi) adding the unreserved amount to the amount of incentive points in the account of the user who submitted the winning bid.

29. (Currently amended) A method comprising:

(a) providing a computer database accessible through a communication port for storing a plurality of accounts for holding incentive points in encrypted form;

(b) awarding a quantity of incentive points to a first user, including adding the first quantity to a first one of the stored accounts of first user incentive points;

(c) awarding a quantity of incentive points to a second user, including adding the, quantity to a second one of the stored accounts of second user incentive points;

(d) removing incentive points from the first and second stored accounts once a certain period of time has elapsed from the awarding of such points.

(e) initiating an on-line auction for an item, including specifying a minimum number of incentive points required for an opening bid;

(f) receiving a first bid from a first user through a the communications port;

(g) comparing the first bid against the minimum number and rejecting the first bid if the first bid is ~~less~~ lower than the minimum number; and

(h) comparing the first bid against the number of unreserved incentive points in a first one of the stored accounts and rejecting the first bid if the first bid is ~~greater~~ higher than the number of unreserved incentive points in the first stored account.

30. (Previously amended) The method of claim 29, further comprising:



(i) if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving a number of incentive points in the first stored account equal to the amount of the first bid.

31. (Previously amended) The method of claim 30, further comprising:

(j) receiving a second bid from the second user through a communications port;

(k) comparing the second bid against the current high bid and rejecting the first bid if the first bid is less than the current high bid; and

(l) comparing the second bid against the number of unreserved incentive points in the second stored account and rejecting the second bid if the second bid is greater than the number of unreserved incentive points in the second stored account.

32. (Previously amended) The method of claim 31, further comprising:

(m) if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving a number of incentive points in the second stored account equal to the amount of the second bid, and unreserving the first account points previously reserved in step.

33. (Currently amended) The method of claim 32, further comprising:

(n) after receipt of n ~~number of~~ additional bids, closing the auction; and

(o) awarding the item to the user who submitted the highest valid bid as of the close of the auction and deleting from that user's account that number of points reserved in that account as a result of that bid.

34. Cancelled.

35. (Previously amended) The method of Claim 29, in which:

the step of awarding of points occurs as a result of the first user viewing an advertisement.

36. (Previously amended) The method of Claim 29, in which:

the step of awarding of points occurs as a result of the first user signing up for a service.

37. (Previously amended) The method of Claim 29, in which:

the step of awarding of points occurs as a result of the first user providing identification information.